

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses DRI's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 1999 to the January 2000 *Idaho Economic Forecasts*. The October 1999 Idaho forecast is based on DRI's September 1999 U.S. macroeconomic forecast and the January 2000 Idaho forecast is driven by DRI's November 1999 forecast.

This section reviews the differences between the current and previous *Idaho Economic Forecasts*. The discussion of national variables will be restricted because recent revisions have rendered comparisons between many variables meaningless. Last fall the U.S. Bureau of Economic Analysis not only revised its data, it also revised the definitions of several key concepts. For example, business investment now includes business purchases of software, which is eventually counted in GDP. Previously, software purchases were considered an intermediate good, so they were not included in GDP. This helps explain why the accompanying table shows such a huge difference between the previous and current GDP. Definitional changes have also affected U.S. personal income. Unfortunately, the revision remains a work in progress; it should be completed later this year. Thus, our analysis will be limited until the revisions are complete. However, we can look at other factors to get an idea of what has changed since the last forecast. The nonfarm data show the outlook for the nation is slightly lower than was previously projected. But these differences appear to be minor. The interest rate outlook is virtually unchanged, while the inflation is forecast to be lower.

The prospects for Idaho's economy have improved marginally. Idaho nonfarm employment is up 0.4% in 1999, 0.3% in 2000, 0.2% in 2001, and 0.6% in 2002. Idaho's goods-producing sector fares relatively better than the services-producing sector. It is anticipated that Idaho goods-producing employment will be 1.4% stronger in 1999, 1.3% higher in 2000, 0.4% stronger in 2001, and up 0.8% in 2002. On the other hand, the services-producing employment outlook has improved 0.1% in both 1999 and 2000, 0.2% in 2001, and 0.5% in 2002. Given the stronger employment growth and lower inflation, it is not surprising that Idaho real personal income is higher by 0.6% in 1999, 0.9% in 2000, 1.2% in 2001, and 1.7% in 2002.

IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN OCTOBER 1999 AND JANUARY 2000 FORECASTS

	1998	1999	2000	2001	2002
GDP (BILLIONS)					
Current \$	249	279	348	407	503
% Difference	2.9%	3.1%	3.7%	4.2%	5.0%
1992 Chain-Weighted	258	271	335	403	490
% Difference	3.4%	3.5%	4.2%	4.9%	5.8%
PERSONAL INCOME - CURR \$					
Idaho (Millions)	0	44	88	125	296
% Difference	0.0%	0.2%	0.3%	0.4%	0.9%
U.S. (Billions)	233	300	342	373	424
% Difference	3.3%	4.0%	4.4%	4.5%	4.9%
PERSONAL INCOME - 1992 \$					
Idaho (Millions)	95	134	233	317	450
% Difference	0.4%	0.6%	0.9%	1.2%	1.7%
U.S. (Billions)	233	288	334	371	404
% Difference	3.7%	4.4%	5.0%	5.4%	5.7%
TOTAL NONFARM EMPLOYMENT					
Idaho	-9	2,035	1,635	1,378	3,328
% Difference	0.0%	0.4%	0.3%	0.2%	0.6%
U.S. (Thousands)	0	60	-83	-344	-203
% Difference	0.0%	0.0%	-0.1%	-0.3%	-0.2%
GOODS PRODUCING SECTOR					
Idaho	-2	1,604	1,408	432	900
% Difference	0.0%	1.4%	1.3%	0.4%	0.8%
U.S. (Thousands)	0	14	-44	-16	187
% Difference	0.0%	0.1%	-0.2%	-0.1%	0.8%
SERVICE PRODUCING SECTOR					
Idaho	-7	432	227	946	2,428
% Difference	0.0%	0.1%	0.1%	0.2%	0.5%
U.S. (Thousands)	0	46	-39	-328	-390
% Difference	0.0%	0.0%	0.0%	-0.3%	-0.4%
FINANCIAL MARKETS					
Federal Funds Rate	0.0	0.0	0.0	0.0	0.0
Bank Prime Rate	0.0	0.0	0.0	0.0	0.0
Mort Rate, New Homes	0.0	-0.1	-0.1	-0.1	0.0
INFLATION					
GDP Price Deflator	-0.5	-0.4	-0.6	-0.9	-1.0
Personal Cons Deflator	-0.5	-0.5	-0.7	-1.0	-0.9
Consumer Price Index	0.0	-0.1	-0.4	-0.7	-0.6

Forecast Begins the THIRD Quarter of 1999